



NW Energy Coalition
for a clean and affordable energy future

28 October 2020

Megan Walseth Decker, Chair
Letha Tawney, Commissioner
Mark Thompson, Commissioner

VIA EMAIL: Comments regarding Oregon Public Utility Commission Staff Proposed EO 20-04 Work Plans (draft 9-22)

Dear Commissioners:

NW Energy Coalition (NVEC) offers these comments regarding the Staff Proposed Executive Order 20-04 (EO) work plans. In addition, we support the comments we co-authored with 13 other groups interested in robust EO implementation, submitted this morning. Both of these comments are a follow-up on our June 15 comments¹ submitted with similar stakeholders.

We are overall very pleased with the draft work plans. We are encouraged by their potential to accurately value GHG emissions reduction and protect vulnerable and highly impacted communities and all ratepayers. We support the proposed refinement of the Integrated Resource Plan (IRP) guidelines to incorporate GHG costs and risks in a consistent fashion, as summarized in the draft plan subsections on portfolio development, forecasting, decarbonization, stakeholder engagement and other activities. Particularly in the context of building and transportation electrification (TE), it is important to consider GHG metrics in the context of the overall state climate goals.

We offer the following refinements, according to the five separate work plans contained in the draft.

Utility Planning

As the Public Utility Commission (Commission) works to help utilities meet GHG emissions reduction goals, it is **important to examine infrastructure changes in utility planning, for both electric and gas utilities, and the financial impacts of decarbonization on customers and utilities and their assets. It is particularly important that low-income and other vulnerable communities not bear an undue burden** in the transition ahead.

We encourage the Commission to incorporate the social cost of carbon (SCC) consistently, even where there is uncertainty. We **suggest incorporating SCC as a variable cost in all analysis stages**, including but not limited to system dispatch modeling and resource investment assessments that determine utility resource selection.

¹ https://oregonCommission.granicus.com/MetaViewer.php?view_id=2&clip_id=566&meta_id=26148, Appendix A.

Generally, the accelerated development of flexible demand resources must be a high priority going forward, in order to optimize and manage risk on a rapidly changing system. We **recommend that the Commission develop a policy on the most effective way to achieve the rapid scale-up of flexible demand**, with a focus on planning, program and rate design starting with customer choice, preference and protection.

We offer the following additional thoughts on transmission, IRPs, and resource acquisition.

- **We request that the work plans highlight utility transmission planning to accommodate the increase in renewable energy generation.** Existing transmission in Oregon is heavily utilized during much of the year. There are many areas of the state where transmission does not effectively reach important potential areas for renewable development, particularly solar in southeastern Oregon and offshore wind along the south Oregon coast. Furthermore, the September wildfires highlight the importance of diversifying and hardening the transmission grid. As the Oregon Department of Energy completes its Oregon Renewable Energy Site Assessment (ORESAs), we encourage the Commission, ODOE, other state agencies and local governments to work jointly with stakeholders on an accelerated program to identify priority areas for transmission upgrades and expansion.
- **As part of the refinement of the IRP guidelines, we encourage the Commission to focus on tighter alignment of the IRP and resource acquisition processes.** Going forward, resource acquisition will effectively be a continuous process, driven by the need for rapid decarbonization, while the range of resources by size and type is dramatically expanding. For demand-side resources, it is additionally important to incorporate rapid learning from program and rate design development into both planning and resource acquisition.
- **The Commission should continue and strengthen its guidance for improved alignment and coordination of IRPs, distribution system planning and transmission planning.** After the initial phase of activities under the EO work plan, the Commission should consider a formal integrated planning framework, because achievement of GHG goals is a function both of acquiring new clean resources and operating and optimizing the existing/evolving system in a more efficient and resilient way.

Utility Activities and Services

As the range of clean resources expands, significant new opportunities are arising for customer and third-party provider participation. Likewise, utilities have new opportunities for innovative resource and system development. However, the existing utility business model may pose barriers to more balanced and effective investment. We believe that **performance-based ratemaking** can play an important role in opening up new opportunities across the board, if carefully targeted to specific outcomes.

The need for new business models highlights the need for transparent data and information. While offering explanatory briefs on key issues is a fundamental first step, we encourage publishing data and information in formats easy for the public to understand and use, such as the development and publishing of **maps showing capacity of the transmission and distribution systems**.

In line with section 5.(B)(3) of the EO, the Commission should **conduct a series of general workshops on system reliability and resource adequacy, including the interaction between**

the electric and gas systems transitions. This will provide context, stimulate innovative ideas on how to accelerate decarbonization while improving system performance, and help set the stage for further Commission action.

Lastly, we offer the following suggestions on resource valuation.

- **We encourage further quantification and incorporation of SCC methodologies and co-benefits to existing renewables programs in year one, including within the community solar program and utility distribution system plans.**
- We applaud the consideration of climate benefits of energy efficiency (EE), through the inclusion of the SCC into the avoided cost of EE. We add, however, that the guidance provided to utilities in UM 551 on EE does not fully capture the health and equity benefits of EE. While efforts pursued more fully through Order 20-324² encourage re-examining these benefits, the EO, the disproportionate impacts of covid-19, and the changing costs of EE, **necessitate a fuller, detailed look at how EE can further the state’s health and equity directives.** We do not see a commitment in this draft work plan to comprehensively address EE rules and programs as we requested in our June comments, and are curious where Staff sees this exploration happening.

Transportation Electrification

Oregon’s electric utilities are still in the early stages of offering customer-side participatory programs to support the efficient integration of existing and new EV load and to accelerate transportation electrification (TE) as directed in Section 5.B(2) of the EO. The early nature of this work means that a comprehensive plan and robust data collection are essential to scale TE. This section of the draft work plan is well constructed, but in order for the Commission to support strong TE portfolios that help ensure long-term benefits to all customers, we suggest additional perspectives and modifications.

NWEC supports the six objectives outlined by Commission staff in this section. In addition we offer these suggestions.

- We want to emphasize the **importance of objective five, initiate a new robust data collection process.** New investments, rate schedules, and tariffs outlined in objectives one and two should be informed by data needs and include explicit data monitoring and reporting protocols to ensure the investments, rate schedules, and tariffs can be scaled, improved, and offer lessons learned.
- We encourage a **holistic view of TE end uses when executing each objective.** Similar to other customer-side programs, TE manifests through a variety of technologies and applications. All efforts should consider diverse customer needs, the different vehicle classes (light-duty, medium-duty, and heavy-duty) and charging technologies, and the multiple applications of the technology when assessing and accelerating TE program portfolios and managed charging that benefit all customers.

We agree that a series of public workshops would be beneficial to develop a plan and regulatory framework, and we recommend the following.

² <https://apps.Commission.state.or.us/orders/2020ords/20-324.pdf>.

- In addition to addressing impacts of program costs on energy burdened households, **add a topic to consider programs that deliver direct and indirect benefits to low-income and energy-burdened customers.**
- **Tariffs that link EV charging to decarbonization should explicitly link charging to decarbonization by better utilizing renewable resources AND to transmission and distribution grid optimization.** EV charging tariffs should work to manage and harmonize both objectives in order to reduce adverse impacts.

Electric utilities should lead by example and transition their fleets to zero-emission vehicles. This work should be coupled with efforts to address barriers to zero-emission medium- and heavy-duty vehicles for retail customers, and to identify proactive measures to accelerate the adoption and efficient integration of zero emission medium- and heavy-duty vehicles. In transitioning the company’s fleet, we encourage the Commission to consider whether new natural gas vehicles and supporting infrastructure for company vehicles is prudent, fully aligns with the directives of the EO, and minimizes the risk of stranded assets.

NWEC appreciates the inclusion of a process to identify metrics, track impacts, and improve data collection. The initial data outlined in the draft work plan is a strong starting point and we recommend the Commission add the following.

General:

- **Peak load curtailed and load shifted to off-peak periods.**
- **Renewable resource utilization** (hourly resource mix data on a seasonal basis).
- **Stakeholder engagement** – utility performance related to outreach to and participation of community members most vulnerable to the impacts of climate change as described in the EO, low-income service providers, community-based and community service organizations, non-profit organizations, small businesses (particularly minority- and women-owned businesses), and tribes related to TE.
- **Direct and indirect benefits to low-income and energy-burdened customers.** As a starting place, direct benefits could be indicated by a low-income customer or an entity directly serving low-income customers participating in a utility program and it resulting in cost savings, access to electric transportation technology, and/or an increase in reliable and affordable mobility due to utility TE investments. Indirect benefits could be indicated by low-income customers experiencing better air quality due to avoided GHG pollution and/or downward pressure on rates associated with utility TE investments.
- **Public charging station accessibility.**

Grid Integration:

- **Avoided costs including, but not limited to, transmission and distribution costs from demand-side management program components.**

Impacted Communities

We are pleased with the progress the Commission has made on examining internal and policy decisions that may not be accessible or affordable to impacted and vulnerable communities

named in the EO, but want to ensure the Commission continues to make progress on resourcing and supporting these communities. The sort of expertise required to ensure the recommendations here and in our joint letter are met—including the ability to communicate meaningfully with stakeholders who do not work full-time in the energy sector—may be expertise the Commission does not possess. As such, **we emphasize how important resourcing and supporting the DEI Program Director position, and other initiatives to address internal culture and external collaboration, will be to ensure the Commission can meaningfully address statutory directives on equity.** We are happy to support Staff and Commissioners as they address these concerns.

- Intervenor funding is a critical component of supporting broader participation in Commission dockets. The Commission should **publicly state its intentions to expand intervenor funding.**
- As stakeholders named in UM 2005, we encourage Staff to explore guidelines for utilities to **compensate impacted communities for their services and expertise, in the same way that other issue-specific experts are compensated.** This could include contracting with community-based organizations to provide outreach, education, and messaging services, or providing financial incentives connected to utility bills for participation from certain identified customer groups.
- We are intrigued to see the Commission intending to explore “utility pilots to deploy advanced technology in low-income settings” to provide, among other things, bill savings and resiliency in extreme events. We would like to **ensure these pilots are accessible to rural and tribal communities and others with greater reliability and capacity constraints.**

When working to quantify energy burden, **we encourage the Commission to also quantify transportation energy burden,** the percentage of household income that households pay on their transportation energy costs. Many households rely on personal vehicles and transportation energy burden is higher for low-income households. Electricity as a transportation fuel can offer cost savings, but access to electricity as a fuel and to at-home charging on a residential rate is not accessible to all customers. Quantifying transportation energy burden is the first step to inform future TE program design that can play a part in reducing transportation energy burden.

Wildfire

We are very encouraged to see language in the draft work plan and in the first filing in AR 638 (Wildfire Mitigation Plan Docket) that the Commission will “provide participation guidance” to ensure inclusive steps in the rulemaking, but we are curious what steps the Commission will take to ensure community engagement results in real outcomes, and suggest the following.

- The Commission could **require utilities to publish their community outreach plans and how/whether they incorporated feedback received** in executing those plans.
- The rulemaking could **proactively set hearing times when representatives of hardest-hit communities have said they are available and will attend.**

Lastly, we underscore our disappointment that within the draft work plan and among utility reports on the recent wildfire catastrophe offered at the October 1 public meeting³, there was **no mention of local generation and microgrids**, as alternatives to more wires-centric conventional utility investments. We will work to ensure the Commission's exploration of the co-benefits of carbon reduction, EE, local storage, and solar and micro-wind reach communities who have been hardest by wildfires, and that utility investments are prudent and innovative.

In closing, we are grateful for the profound focus and synthesis Staff and the Commissioners have exercised in creating these work plans and integrating the feedback of a consistently larger and more diverse set of stakeholders, during a time of stress and innovative change for people and the grid. We look forward to supporting the Commission as it takes meaningful steps forward to accomplish the EO's directives.

Sincerely,

Heather Moline
Energy & Environmental Justice Policy Associate

Annabel Drayton
Policy Associate

Fred Heutte
Senior Policy Associate

NW Energy Coalition

³https://oregonCommission.granicus.com/DocumentViewer.php?file=oregonCommission_9a5ee085f70821dc84813cadfcb2279d.pdf&view=1.